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STATE DOCUMENTS

STATE OF MONTANA
FISH AND GAME COMMISSION
REPORT ON EXAMINATION
Fiscal Year Ended June 30, 1967



OFFICE OF THE LEGISLATIVE AUDITOR
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STATE OF MONTANA
FISH AND GAME COMMISSION
REPORT ON EXAMINATION
Fiscal Year Ended June 30, 1967

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APPOINTIVE AND ADMINISTRATIVE OFFICIALS

FISH AND GAME COMMISSION

Board Members

W. E. Staves, Chairman	Polson	1969
Lyle H. Tauck	Hammond	1969
J. J. Klabunde, Vice Chairman	Havre	1971
E. G. Leipheimer, Jr.	Butte	1972
Roy Killenbeck	Scobey	1972

Administrative Officials

Frank H. Dunkle, Director

Keith A. Freseman, Deputy Director

SUMMARY OF RECOMMENDATIONS

	<u>Page</u>
Maintain formal registers and subsidiary ledgers.	6
Post ledgers monthly.	6
Prepare complete financial statements on a timely basis.	6
Establish accounting records in accordance with generally accepted governmental accounting principles.	6
Maintain content of appropriation expenditures in printed form.	6
Bring dual program expenditure reports into agreement or eliminate incorrect report.	6
Derive federal projects costs directly from program accounts.	6
Exclude reverted amounts from assets and fund balance.	8
Record all accounts receivable.	8
Record all interfund obligations and receivables.	8
Reserve or write off receivable from Centennial Train Commission.	8
Record all cash held locally.	10
Establish cash change funds in all district offices.	11
Submit all expense claims to headquarters office.	11
Discontinue practice of comingling state and personal funds.	12
Prescribe uniformity in accounting for cash at district offices.	12
Transfer "Chief Plenty Coups Trust Account" to state treasury.	12
Centralize cashiering function as function apart from licensing, accounting, and parks sections.	15
Assign cashier duties not relating to billing, accounting, or licensing functions.	15
Record all receipts daily.	15
Make deposits of cash in tact and on a regularly scheduled basis.	15
Discontinue use of local bank account for special permit license collections and establish clearing account within the state treasury for these collections.	17

SUMMARY OF RECOMMENDATIONS (Continued)

	<u>Page</u>
The State Controller account for all state suspense accounts in the State's central accounting system.	18
Reconcile program expenditure reports with stores records yearly.	20
Forward stores transfer out documents to property officer daily.	20
Initiate prenumbered stock received reports upon receipt of stores items and route daily to accounting office and property officer.	20
Make physical counts of warehouse inventories at the close of each fiscal year and make adjustments prior to closing books.	20
Bring fixed asset records up to date by reclassifying misclassified items, reconciling different records, recording unrecorded items, and deleting items recorded in error.	24
Revise accounting system for fixed assets to provide for: a subsidiary ledger by type of item, timely and accurate recording of additions and deletions by nature of change, elimination of duplicate sets of records, accounting for fixed assets in a self balancing group of accounts posted monthly, elimination of accounting for depreciation, establishment of source of financing, and the inclusion of freight costs and exclusion of cash discounts from the capitalized cost.	24
Give consideration to fully automating fixed assets records.	25
Reduce number of monthly payroll claims pending transfer to state-wide centralized payroll system.	26
Require time rolls to be signed by employee and approved in ink by employee's supervisor.	27
Segregate duties of approving payroll claims and distributing payroll warrants.	27
Establish and maintain formal overtime records.	27
Implement adequate standard method of certification of receipt of goods and services.	28
The department and the State Controller take advantage of cash discounts to most practicable extent.	28
The department and the State Controller revise their system to insure that all encumbrances are properly reduced when payments are made against them.	29

SUMMARY OF RECOMMENDATIONS (Continued)

	<u>Page</u>
Encumber the full cost of equipment items on purchase orders at the time the order is placed.	29
Report revenues and expenditures on a gross basis.	30
Revise procedures to allow for recording as revenue most of items currently designated as refunds.	30
The State Controller and Budget Director establish guidelines as to what type items should be classified as refunds to expenditures.	30
Make a fund transfer reimbursing the General Fund and charging the Earmarked Revenue Fund for \$41,266 expenditures incurred in the operation of Lewis and Clark Caverns during 1967-68.	31
Deposit all state revenues in tact in the state treasury and make expenditures therefrom in accordance with authority granted by the Legislature.	32
The department adhere to, and the State Controller enforce, the provisions of Section 79-410 (5), R.C.M. 1947 relating to disbursements from the Federal and Private Grant Clearance Fund.	33
The department charge expenditures in accordance with, and the State Controller enforce, the provisions of the Appropriation Act.	33
Make a transfer reimbursing fish and game accounts and charging state parks accounts for \$12,359 overexpenditure of state parks appropriations charged to fish and game appropriations.	34
Revise management reporting system so that any necessary curtailments in parks costs could be made at the appropriate time.	34
Amend system to provide for monthly reconciliation of parks resources to program expenditures.	34
Encumber funds rather than drawing warrants at the time an obligation is incurred for which payment is not due for a considerable time.	35

SUMMARY OF RECOMMENDATIONS (Continued)

	<u>Page</u>
The department and the State Controller adhere to the prescribed requirements of law which establish the purposes for which specific appropriations can be expended.	36
The department and the State Controller continue to maintain accountability for each appropriation made by the Legislature.	37
Adhere to the provisions of the appropriation acts and alleviate its monetary deficiencies by means provided for in the law.	38
The State Controller enforce the provisions of the appropriation acts.	38
Credit appropriate interfund reimbursements to the proper appropriations and accounts.	38
Account for all revenues collected by the department and report in the financial statements.	41
Require all concessionaires to remit amounts due on a timely basis in accordance with agreements and audit all concessionaires.	42
Establish procedures that will insure timely remittances by cabin site lessees.	42
Maintain accounting records concerning land grazing leases in department headquarters and centralize billings and collections.	43
Establish accountability for prenumbered "notice to appear" forms issued to each warden.	43
Prepare a formal report accounting for all licenses printed.	44
Require witnessing and certification by a disinterested party of destruction of unissued licenses.	44
Continue to enforce provisions of present laws to insure timely remittance by license dealers.	46
Consider revising procedures relating to small balances owed by or due to license dealers.	46

SUMMARY OF RECOMMENDATIONS (Continued)

	<u>Page</u>
Close the refund account in local bank.	46
Establish accountability over license dealers' accounts receivable.	47
Either increase bonding requirements for license dealers to the value of licenses issued to them or obtain a blanket bond to cover all license agents.	50
Consider requiring proof of residency at the time resident licenses are sold.	50
Consider revising procedures regarding the issuance of duplicate licenses to insure that duplicate licenses are issued for the purpose for which they were established.	51

MORRIS L. BRUSETT, C.P.A.
LEGISLATIVE AUDITOR



G. DEAN REED, C.P.A.
DEPUTY

STATE OF MONTANA
Office of the Legislative Auditor
 STATE CAPITOL
 HELENA

The Legislative Audit Committee
 of the Montana State Legislature:

We have examined the balance sheets of the various funds of the Montana Fish and Game Commission as of June 30, 1967, and the related statements of operations, as set forth in the table of contents in this report, for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements have been prepared on the cash basis of accounting and do not show financial position or operating results as do statements prepared on the modified accrual basis in accordance with generally accepted accounting principles applicable to governmental units.

Unrecorded and not reported on the accompanying financial statements are assets consisting of: accounts receivable, \$276,476; interfund receivables, \$172,931; and stores and supplies, \$16,000. The cash balances and related revenues are materially understated as set forth in the comments section of this report.

The reserve for encumbrances is overstated \$93,351. A \$100,000 liability and a \$172,931 interfund payable are not shown on the financial statements.

The amounts shown as additions and deletions to the fixed asset accounts are overstated at least \$300,000. The fixed asset accounts contain material overstated and misclassified balances as outlined in the comments section of this report.

Certain legal provisions, regarding the expenditure of legislative appropriations, have not, in accordance with generally accepted governmental accounting principles, been adhered to as also outlined in the comments section of this report.

Because of the materiality of the amounts as described in the preceding paragraphs and as outlined in the comments section of this report, we are of the opinion that the accompanying financial statements do not present fairly the financial position of the various funds and balanced account groups of the Montana Fish and Game Commission as of June 30, 1967, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

We submit the financial statements listed in the preceding table of contents together with the following comments.

COMMENTS

GENERAL

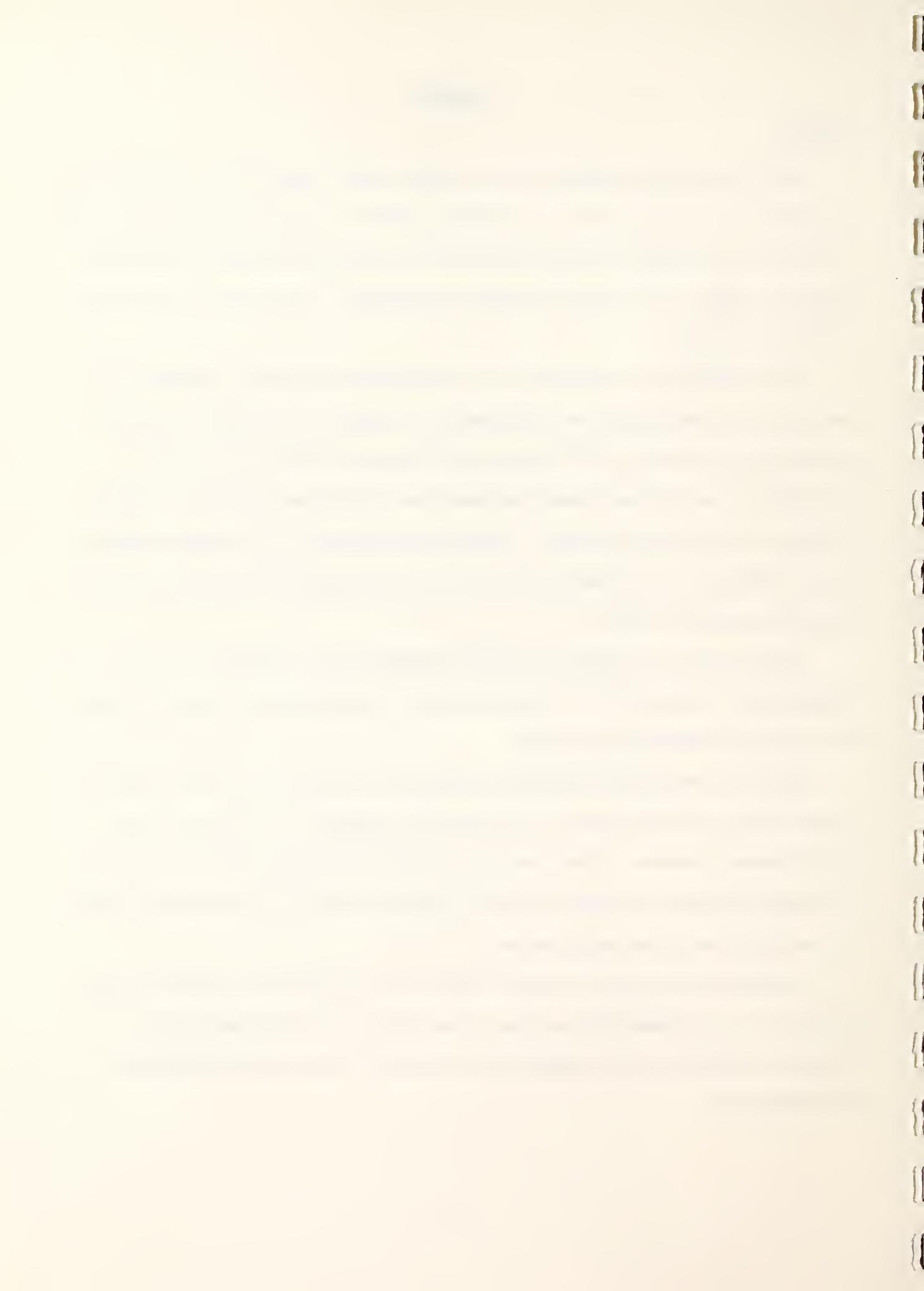
The Fish and Game Commission was created under Chapter 176 of the 1907 Laws of Montana. For the purpose of appointing members to the Commission, the State of Montana is divided into five districts and from each district the Governor with the consent of the Senate appoints one member. Each term of appointment is for four years.

The Commission is responsible for setting forth policies regarding the protection, preservation, and propagation of wildlife, fish, game and non-game birds, waterfowl, and the game and fur-bearing animals of the State. In addition, the Fish and Game Commission has the responsibility for administering the state parks program. The duties pertaining to the parks program were transferred to the Commission from the State Highway Commission by the State Legislature in 1965.

The Director of the Fish and Game Department, who is appointed by the Commission, is responsible for directing day to day department activities and for enforcing commission policies.

Funds for department operations are derived from hunting and fishing licenses, federal reimbursements for cooperative programs, and assorted other miscellaneous revenues. These sources of revenue are supplemented by General Fund appropriations and motor fuel tax collections which are available for use in operating the state parks program.

Throughout this report we refer basically to the Fish and Game Department as opposed to the Commission as most of our comments and recommendations concern the operations of the department as opposed to policies established by the Commission.



FINANCIAL STATEMENTS AND ACCOUNTING SYSTEM

The Fish and Game Department does not have an adequate accounting system. The system does not account for the assets, obligations, and operations of the department in accordance with generally accepted governmental accounting principles or in a manner to insure compliance with appropriation acts. The financial statements presented by the department for the 1966-67 fiscal year contain material inaccuracies, are incomplete, and do not conform with the basic governmental accounting principle of reporting by fund. The following comments and examples discuss these points.

As of the start of our audit, the general ledger (the basic accounting record of any business or governmental activity) had not been posted since June 30, 1965 and no complete set of financial statements had been prepared since that date. Subsequent to the start of our audit, the department posted its general ledger in summary form and prepared financial statements. These financial statements presented the operations and accounts of the department on a combined basis without regard to fund. For this report, we expanded the department's financial statements to present the financial position and operations on a fund basis as we believed it necessary for them to have some meaning and also provide a reference from which to comment.

Accounting for appropriations is not maintained by the Fish and Game Department. In other words, the department has no record indicating what its appropriation expenditures consist of. The information is available only on computer tape maintained by the Department of Administration, on listings of daily transactions prepared by that department from the computer tape, and on the individual documents processed through the computer. The Fish and Game Department, the State Controller, or anyone else cannot adequately determine through examining currently maintained accounting records, that appropriation

laws are being adhered to. We had a special EDP run made from which our audit of appropriation expenditures was made. Our findings in this area, discussed under the heading of Appropriation Control elsewhere in this report, point out the need for the maintenance of adequate appropriation accounting records.

The Fish and Game Department and the State Controller each maintain ledgers and prepare reports of Fish and Game's expenditures for all programs without regard to source of financing. The State Controller records this information by division and object classification. Fish and Game records the information in the same manner but the division classifications are broken down into much greater detail for specific activities and projects. Expenditures for 1966-67 per the two reports differ in total, for each of the divisions, and for most of the object accounts. These reports should be in agreement or the incorrect one eliminated.

As shown in Exhibit D, the Fish and Game Department receives reimbursements from the Federal Government for its contracted share of the costs of certain projects conducted by the department. The larger amounts are for wildlife and fish conservation projects for which the federal reimbursements amount to 75% of the costs up to the maximum budget provided by each project agreement. The amount of billings to the Federal Government for these reimbursements are not obtainable from the department's regular program accounting system. Special EDP prepared listings are made each month for these federal projects. The primary reason for this is that the department's ledgers and reports are on a straight cash basis while the federal projects accounting is required to be on the accrual basis. This further illustrates the need for the State of Montana to go to the accrual basis of accounting for expenditures as we have recommended in other recent audit reports.

RECOMMENDATION

We recommend that the Fish and Game Department:

- (1) Maintain formal registers for detail accounting transactions and formal subsidiary ledgers for each account with any sizable volume.
- (2) Post its general ledger and subsidiary ledgers on a monthly basis.
- (3) Prepare a complete set of financial statements within a reasonable time after the end of each fiscal year.
- (4) Establish its accounting records and reports in accordance with generally accepted governmental accounting principles, the primary concept of which is maintenance of accounts and reporting by fund.
- (5) Revise its accounting system to maintain in printed form the content of its expenditures by appropriation. However, if the system of the State Controller is revised to provide the necessary records the department would not need to duplicate them.
- (6) Review its program accounting with the State Controller and either revise their procedures to bring the two offices' program reports into agreement or eliminate the incorrect report.
- (7) Revise its accounting system to provide for federal projects costs to be derived directly from its program accounts.

BALANCE SHEET

The department incorrectly included in its balance sheet for the General Fund a fund balance of \$1,620. This amount reverted at June 30, 1967 and, as it was not available, was not an asset of the department and should not be shown on the balance sheet.

Unrecorded on the department's balance sheet at June 30, 1967 were receivables as follows:

<u>Nature of Receivables</u>	<u>Federal and Private Revenue Fund</u>	<u>Earmarked Revenue Fund</u>
Bureau of Sport Fisheries and Wildlife Projects	\$ 45,483	\$ -
Bureau of Outdoor Recreation Projects	90,063	516
Bureau of Land Management Projects	-	2,604
Fish and Game license dealer sales	-	135,746
Note receivable on land sale	-	1,401
Cabin site rentals and concession at Canyon Ferry - approximate	-	663
Total	<u>\$135,546</u>	<u>\$140,930</u>

Unrecorded at June 30, 1967, was an interfund liability and receivable of \$172,931. This is the amount due to the Earmarked Revenue Fund from the Federal and Private Revenue Fund representing reimbursements due for federal cooperative wildlife and fish conservation projects.

Also unrecorded was a \$100,000 obligation due to the State Highway Commission from the Earmarked Revenue Fund, State Parks Account. Extraordinary Session House Bill No. 2, Appropriation Measures of 1967, appropriated 40% of the money in the Earmarked Revenue Fund, State Parks Account, as of June 30, 1967 to the State Highway Commission. This amounted to nearly \$100,000 but was not recorded by the Fish and Game Department at June 30, 1967.

As shown on the balance sheet, Exhibit A, the department has an account



receivable recorded in the Earmarked Revenue Fund in the amount of \$50,000 from the Centennial Train Commission. The department has this amount recorded in its net worth (fund balance) account. The collectibility of this amount appears in doubt, and as such, should not be recorded in the fund balance. The \$50,000 amount has been removed from the fund balance for this report and is fully reserved. This has the effect of making the receivable a memorandum account recorded for accountability purposes.

RECOMMENDATION

We recommend that:

- (1) The department exclude reverted amounts from its balance sheet assets and fund balance.
- (2) All accounts receivable be recorded in the year end financial statements.
- (3) All interfund obligations and receivables be recorded in the year end financial statements.
- (4) The Fish and Game Commission review the prospects of collection of its account receivable from the Centennial Train Commission and either record it as a fully reserved account receivable or write it off the accounts.

PROCEDURES REGARDING CASH

Unrecorded Cash Held Locally

Accounted for within an agency's accounting system and thus reported on the balance sheet should be all assets for which the agency is accountable. We noted that the following cash items are not recorded in the Fish and Game Department's accounts and therefore are excluded from their financial reports.

These include:

(1) A \$4,000 cash revolving fund on deposit with the United States Forest Service in Missoula under a cooperative work agreement. Periodically, based upon claims submitted to the department by the U.S. Forest Service, the revolving fund is replenished.

(2) Several cash change funds as follows:

District offices:

Kalispell	\$ 50
Missoula	50
Billings	50
Glasgow	50
Miles City	<u>50</u>
	\$250

Headquarters:

Receptionist Desk	100
Cashiering (Licensing)	<u>100</u>
	200

Park Section:

Lewis and Clark Caverns	<u>100</u>
Total	<u>\$550</u>

(3) Various local bank accounts:

<u>Location of Local Bank</u>	<u>Bank Balance</u>
	<u>As of June 30, 1967</u>

District offices:

Kalispell	\$ 703
Missoula	894
Bozeman	610
Great Falls	616
Billings	1,116
Glasgow	694
Miles City	<u>818</u>
	5,451

Headquarters:

Helena - refund account	2,630
Helena - special permit account	<u>1,835</u>
Total	<u>\$9,916</u>



These bank balances represent the actual cash in the banks and do not take into account outstanding checks or deposits in transit. These amounts need to be deducted from and added to, respectively, the amount shown to arrive at the correct book balance.

District offices sell licenses in much the same way as the regularly authorized license agents throughout the State. The monies collected at the district offices from the sale of licenses are deposited in local banks until remitted to the headquarters office. The remittance is due in Helena by the 10th of the month following the month of the sales. In order to allow headquarters accounting personnel to include these balances in their financial statements at year end, it will be necessary for the districts to provide on a timely basis reports which will indicate the status of the locally held accounts.

RECOMMENDATION

We recommend that all cash held locally as revolving funds, change funds, or in local bank accounts be recorded in the department's accounts and reflected in the financial reports.

District Offices - Cash Procedures

It was noted during our examination that two district offices did not maintain cash change funds for use in making change. In lieu of a change fund a part of the license sales collections was being withheld from their deposits for use in making change. This practice serves to weaken the internal control over the accountability for the cash. We believe that change funds should be substituted for the undeposited cash collections for use in making change so that all revenue collected can be deposited promptly and in tact.

During our examination of the cash records at one district office, we found that checks were being written on their local bank account to pay for certain expenses of the district office such as advertising costs for the sale of meat, and that some minor personal funds were being comingled with state funds. Both of these practices are contrary to acceptable accounting procedures. The payment of expenses from local bank accounts serves to (1) bypass the appropriation process as expenditures so paid are not recorded on the department's or the State Controller's accounting records and thus are not charged against an appropriation, (2) understate both revenues and expenditures in the financial statements since the amount paid out, of necessity, came from revenues collected and neither will be reflected in the State's accounting records, and (3) bypass the Controller's pre-audit of claims function. The comingling of state and personal funds is a poor practice and should be discontinued.

We visited five of the seven district offices and found that the records relating to cash were not uniform throughout the districts. Some of the offices maintained rather good records while others had poor records. Similar type transactions are common to all the districts and uniformity in record keeping accompanied by written instructions could and should be established throughout the district offices. The establishment of a uniform system should result in all districts having adequate records. Written instructions regarding cash procedures would be especially beneficial to new employees who assume such duties without the benefit of on-the-job training.

RECOMMENDATION

We recommend that:

- (1) Change funds be established in all district offices.
- (2) All expense claims be submitted to the headquarters office for processing and payment.

- (3) The practice of comingling state and personal funds be discontinued.
- (4) Uniformity in accounting for cash be prescribed for all district offices.

Chief Plenty Coups Memorial Fund

In May 1966, \$105 was deposited in a Billings bank by the Fish and Game Department as a trust account that could be used for certain costs relating to the Chief Plenty Coups State Monument. Since the inception of this fund, \$115 has been collected and deposited in the account and \$136 disbursed therefrom. There are adequate statutory provisions for the depositing and accounting of these funds within the state treasury fund system. The transfer of the funds to the state treasury would provide better control over the use of the funds and also result in the transactions being recorded in the State's accounting system. The State's records would then correctly present all the department's activities.

RECOMMENDATION

We recommend that the "Chief Plenty Coups Trust Account" be transferred to the state treasury.

General Cash Procedures

Internal control over cash is extremely important because of the readily negotiable nature of cash. Proper cash management can also result in increased earnings in interest income as a result of depositing cash promptly. A number of generally accepted internal control standards regarding the handling of cash receipts have been established that are applicable to the Fish and Game Department as guidelines for effectively controlling the department's cash. These



include: (1) cash receipts should be recorded as soon as practicable, (2) the function of receiving cash should be centralized to the maximum extent, (3) persons receiving cash should not have access to accounting records, and (4) receipts should be deposited in tact as promptly as possible and on a regularly scheduled basis.

None of the above standards have been implemented into the department's system of cash control. In the following paragraphs we comment on each internal control weakness noted and conclude our comments with our recommendations for improvements.

1. Cash receipts should be recorded as soon as practicable - The risk of misappropriation or error is greatest during the period between actual receipt and the entry to a record that will establish accountability. It is essential that this record be made promptly; this may be accomplished through the use of a cash register or other mechanical device, the issuance of a receipt, or some other medium of specific entry.

Current practices followed by the department permit large amounts of cash to accumulate over extended periods of time prior to any record being made therefor. For instance, we noted that approximately \$130,000 representing license sales collections was on hand on June 24, 1968 but not yet receipted for or in any other way acknowledged in the accounting records. The amount represented collections that had been received over an extended period of time. The reason for the high accumulation of unrecorded cash is that the current practice is to not receipt for cash until a determination is made as to what the cash is for, whether the proper amount has been received, and in the case of license receipts, until an EDP run of the licenses sold has been made. The necessary accounting compilation and checking may take several days which in turn results in delayed receipting.

Refund checks are routed to the accountant for coding prior to being received for. This is another example of a delay in the recordation process. Similar situations exist for reimbursements received from the Federal Government and for fees collected from cabin site and grazing leases.

2. The function of receiving cash should be centralized to the maximum extent - The greater the centralization of the cash receiving process, the more effective is the control that can be maintained. When many individuals receive cash, control is difficult, since the cash collection effort will usually be a sideline activity, with consequent increased chance of error or laxity in reporting. The objective should be to entrust the cash receiving procedure to as few employees as possible and, whenever practicable, to centralize this activity in the hands of specially designated cashiers.

The cash receipting function of the Fish and Game Department is not centralized. Instead, cash is routed to three different units, i.e. licensing, accounting, and parks, for processing before finally being recorded and deposited.

3. Persons receiving cash should not have access to accounting records - Employees engaged in receiving cash should have no accounting responsibility beyond that of summarizing cash receipts. Cashiers should not have unsupervised access to or authority over journals, ledgers, or bank reconciliations. As noted previously personnel of the department's accounting, licensing, and parks sections handle cash as well as being responsible for billings and other accounting records relating thereto. The licensing section, which controls and accounts for the licenses, also receives the remittances from the license dealers. The accounting section which bills and accounts for federal reimbursements and processes vendor claims also receives the remittances from the



Federal Government and all refunds from vendors. The parks section, which bills and accounts for cabin site and grazing leases, also receives and receipts for the cash received from the lessees.

4. Receipts should be deposited intact as promptly as possible and on a regularly scheduled basis - Where funds are not deposited promptly, the risk of misappropriation or other loss is increased. The prompt deposit of funds could result in substantial interest earnings to the State through the State Treasurer's investment function. For example, we noted that \$208,000 was received from the Federal Government on January 13, 1967 but was not deposited until February 23, 1967 - some 41 days later. Likewise, as noted previously, license sales remittances are not receipted for nor deposited until license dealer accountability statements are run by the computer and all questions regarding the remittances are resolved, again resulting in delayed depositing of the receipts.

RECOMMENDATION

We recommend that:

- (1) The cashiering function be centralized as a unit apart from and not accountable to the licensing, accounting, and parks sections.
- (2) The cashier not be assigned any duties relating to the billing, accounting, or licensing functions.
- (3) All receipts be recorded daily.
- (4) Deposits be made intact and on a regularly scheduled basis.

Special Permit Account

In the event the number of valid applications for special licenses (antelope,

moose, etc.) for a hunting district exceeds the quota set by the Fish and Game Commission for the district, such licenses are awarded by a drawing.

Following we have summarized the procedures in regard to the cash received for the 1967 license year special permit licenses.

- (1) Applications accompanied by the applicable fees were received on or before July 15, 1967 - the filing deadline. The total collected approximated \$500,000 and was collected from some 35,000 applicants.
- (2) The sum collected was deposited in a local bank account on September 13, 14, and 15 - two months later.
- (3) Refunds checks to the 12,000 plus unsuccessful applicants approximating \$200,000 were drawn against the local bank account in the latter part of September.
- (4) Collections approximating \$300,000 representing fees collected for the licenses issued to approximately 23,000 successful applicants were transferred from the local bank account to the state treasury on December 6, 1967 or almost five months after the date of receipt.

It is quite evident that there is a considerable delay between the time revenue is received and it is deposited into the state treasury. More timely deposits of the funds into the state treasury would result in the funds being available for investment by the State Treasurer in accordance with his investment procedures with the interest accruing to the State. Approximately \$7,500 in interest (at 5%) would have accrued to the State if the 1967 special permit license monies had been deposited in the state treasury at the time of receipt.

The statutes provide for clearance accounts within the state treasury fund system. Of necessity, since almost 35% of special permit collections is refunded to unsuccessful license applicants, the funds must be placed in a

separate account until a final accountability is made. The placement of the funds within the state treasury would also serve to place greater controls over the use of funds and would result in the transactions pertaining thereto being recorded in the State's accounting records.

RECOMMENDATION

We recommend that the practice of using a local bank for the depositing of special permit license collections be discontinued and that in its place a clearance account be established within the state treasury fund system for these collections.

State Treasurer's Suspense Accounts

In conjunction with our above recommendation, we would like to comment on the suspense accounts maintained by the State Treasurer but not included in the state treasury fund system.

Suspense accounts have been established for the Board of Equalization, Board of Land Commissioners, Office of Secretary of State, Industrial Accident Board, and Board of Railroad Commissioners.

In addition, the Treasurer's office maintains a separate account which for accounting purposes is treated as a suspense account for the Montana Highway Patrol in which they account for surety deposits which have been collected and deposited in connection with the State Safety Responsibility Law.

The statutory authority for establishing the suspense accounts rests in section 79-412, R.C.M. 1947 which states "the enumeration of treasury funds in section 79-410 (a listing of funds provided for by the Treasury Fund Structure Act) does not prohibit the state treasurer from establishing and maintaining (1) clearance or suspense accounts for the purpose of paying refunds, for the purpose of grouping payments from different funds or accounts prior to

disbursement, or for the purpose of conveniently processing receipts before crediting the proper fund. . ."

The referenced statute does not explicitly state whether the suspense accounts are to be set up within the treasury fund system or outside of the system. The Treasurer is maintaining and accounting for the suspense accounts apart from the treasury fund structure.

The agencies for whom the suspense accounts are maintained have a high incidence of refunds. The use of the suspense account system permits agencies to deposit all collections promptly but also allows them to refund to the remitter those amounts collected in error, or otherwise found not to belong to the State, prior to the ultimate deposit of the collections in the state treasury fund system.

However, the accounting transactions relating to the suspense accounts are not recorded in the State's central accounting system maintained by the State Controller. Therefore, financial reports disseminating from that office do not reflect the receipts deposited in or the disbursements made from these accounts.

Currently, refunds from the suspense accounts are made by manually prepared treasurer's checks. Likewise, all accounting records relating to the accounts are maintained by the State Treasurer's office with all postings relating thereto done by hand. All accounting records as well as warrants written could be done mechanically if the suspense accounts were a part of the central accounting system. The mechanization of the accounting and warrant writing for the suspense accounts should result in some reduction in the workload in the Treasurer's office.

RECOMMENDATION

We recommend that the State Controller account for all state suspense accounts in the State's central accounting system.

STORES AND SUPPLIES

As shown on the Balance Sheet, Exhibit A, the department had recorded stores and supplies on hand in their central warehouse totaling \$94,199 at June 30, 1967. We found a number of deficiencies regarding the accountability over the department's stores inventory. These are enumerated below:

- (1) The property officer's records and the program accounting records differed in the amounts shown as the net changes for the 1966-67 fiscal year by \$33,000 for construction supplies and by \$13,000 for other stores and supplies. The property officer, upon our bringing the discrepancies to his attention, attempted to reconcile the differences. He determined that if several adjustments were made between the two supply accounts, the net result would be that the inventory as reported in total in their records was understated \$16,000 at June 30, 1967.
- (2) Perpetually maintained inventory cards are not posted with inventory items that have been issued from the warehouse until the transfer slips used to document the issue have been approved by the employees receiving the items. This certification is sometimes not received until months from the time the stores had been issued from the warehouse. Such a practice results in the inventory balances being overstated and the project expenditures being understated during the interim for the value of these items issued but not posted.
- (3) Warehouse employees do not use prenumbered stock received reports for recording the receipt of supplies received at the warehouse. The use of prenumbered stock received reports would provide better control over this aspect of the warehouse function. These reports should be forwarded daily to the property officer for

recording and the accounting office for comparison with the vendor's invoice when received.

- (4) We found during our test of the mathematical accuracy of the postings to the perpetual inventory cards numerous errors and also a number of discrepancies when we tested the perpetual card balances to the items visually counted in the warehouse.
- (5) Actual physical inventory counts are made periodically by agency personnel. However, these counts are not made at year end and thus any adjustments necessary are not reflected on the financial reports of the department.

RECOMMENDATION

We recommend that:

- (1) The program expenditure reports be reconciled with the stores records at least yearly.
- (2) Transfer out documents representing warehouse issues be forwarded to the property officer daily for posting.
- (3) Prenumbered stock received reports or similar type documents be initiated at the time stores items are received at the warehouse and routed daily to the accounting office and property officer.
- (4) Physical counts of warehouse inventories be made at the close of each fiscal year and all adjustments be made prior to closing the books for the year.

GENERAL FIXED ASSETS

Exhibit G presents a statement of changes in the fixed assets accounts of the department for the 1966-67 fiscal year based upon the department's records.

The amounts presented are for the most part inaccurate. This is caused by the lack of an adequate system to account for the assets of the department. The following comments cite some of the problems with the system and the resulting errors.

The fixed assets are not accounted for in the same manner as they are reported in the financial statements. No formal detail ledger or listing is maintained by type of fixed asset (e.g. buildings, furniture and fixtures, horses, etc.). The department's fixed asset system currently includes:

- (1) Property cards maintained by the property officer in headquarters.
- (2) A duplicate set of property cards maintained at each district office.
- (3) EDP tape on which is stored most of the information on the property cards.
- (4) Records of selected fixed assets containing similar information maintained by other employees (e.g. land agent maintains records relating to land and accounting clerk maintains records relating to motor vehicles).

The property cards maintained by the property officer are filed by location. From the information on the EDP tape, an annual listing is prepared of all fixed assets by location. The system does not provide for a reconciliation of the property cards and this EDP printout. Other reports prepared from the EDP tape are a summary by type of asset of the additions, deletions, and balance. It is from these summary reports that the information in the financial statements is recorded. The system does not provide for any analysis or reconciliation of the summary reported amounts with any of the other available information.

We requested and were furnished with a special EDP printout of the detail of the balances by type on the EDP tape as of June 30, 1967. From this listing

and comparison with other records it was determined that the recorded amounts contained errors as follows:

(1) Misclassifications - Numerous fixed assets were misclassified.

Some examples are: Land items recorded as improvements and vice versa, buildings recorded as land, building recorded as hand tools and petty equipment, boats and motor vehicles recorded as machinery and appliances, radios recorded as hand tools and petty equipment, and many others.

(2) Overstatements and Unrecorded Items - Various fixed asset accounts were overstated due to duplications, failure to delete sold or traded items, etc. Some examples are: motor vehicles, approximately \$30,000; airplanes, \$10,670; and horses, \$150. Several unrecorded items were noted such as a building addition at Lewis and Clark Caverns costing \$10,764.

(3) Accounting for land - The fixed asset system does not provide for the reconciliation of the property officer's records with the land agent's records. At June 30, 1966 there was a difference between these records of \$230,000. Net changes during 1966-67 differed by \$16,800. The land agent's records are not correct in that correct accounting principles have not been followed. The property officer's records are not correct in that we noted numerous exceptions. An example is a single piece of property purchased in March 1967 for which the property officer's records show two 307 acre purchases made for \$50,000 each while the correct amount is \$30,000 for 182 acres as shown by the land agent. Accordingly land is overstated \$70,000 for this one parcel of land.

(4) Both additions and deletions to fixed assets during the year as reported in Exhibit G are materially overstated. As mentioned above, the accounting records are posted from a summary report of additions and deletions from EDP without any supporting detail for verification. Some examples of known overstatements of both additions and deletions by type based upon other available information are: land, \$57,037; improvements, (\$2,327); buildings, \$4,193; and motor vehicles, approximately \$260,000.

Freight costs are often incorrectly excluded from the capitalized cost of equipment items. Cash discounts taken by the department are often incorrectly included in the capitalized cost. The capitalized cost should be the cost of the item delivered and assembled for use.

The financial statements as presented to us by the Fish and Game Department showed the department's fixed assets included with the other assets of all funds under the department's control. As shown in Exhibit G, the offset to the fixed assets includes an allowance for depreciation account. Generally accepted governmental accounting principles provide that:

- (1) General fixed assets of a governmental body be set out in a separate group of self balancing accounts as they are presented in Exhibit G for this report. The department should present its future financial statements utilizing this principle.
- (2) Depreciation accounting for fixed assets is unnecessary except for certain enterprise operations wherein the information is needed for rate setting purposes. The depreciation information being maintained by the Fish and Game Department is serving little purpose and should be discontinued.

(3) In order to present a fully meaningful statement of general fixed assets, a governmental organization should report its reserve for investment in general fixed assets account by source of financing. Examples of sources would be appropriations from the various funds out of which the organization is operating, federal government financed projects, gift, etc. The Fish and Game Department should consider revising its system to provide the information necessary to report the source of financing of its fixed assets. The Department should give serious consideration to converting their present partially automated system to a completely automated fixed asset accounting system. The conversion to fully automated records is, in our opinion, warranted by the volume of the fixed asset accounts. Maintaining fully automated records would, we believe, also help to alleviate many of the current problems.

RECOMMENDATION

We recommend that the Fish and Game Department:

- (1) Go through its fixed asset records and bring them up to date by:
 - (a) Reclassifying misclassified items on a proper and consistent basis.
 - (b) Reconciling the various sets of fixed asset records that currently exist.
 - (c) Recording previously unrecorded fixed assets.
 - (d) Deleting from the records all items in the records in error (duplications, sold or traded items, etc.).
- (2) Revise its system of accounting for its fixed assets to provide for:

- (a) A subsidiary ledger by type of item consisting of the detail in support of the recorded total by type.
- (b) Timely and accurate recording of additions and deletions and accounting for the additions and deletions by the nature of the change - e.g. additions - purchase, gift, found (previously omitted from inventory), etc. and deletions - sold, traded, lost, stolen, junked, etc.
- (c) Elimination of the maintenance of duplicate sets of records to the extent possible and reconciliation at least on an annual basis of those that are retained.
- (d) Accounting for fixed assets in a self balancing group of accounts posted on monthly basis.
- (e) Elimination of depreciation accounting from the accounting system.
- (f) Establishment of the investment in fixed assets account by source of financing.
- (g) Inclusion of freight costs and exclusion of cash discounts taken from the capitalized cost of the fixed assets.

(3) Give consideration to fully automating their fixed assets records.

PAYROLL

1. The Fish and Game Department has been processing six claims each month for payment of its payroll. One claim is prepared for each of its five divisions plus one for its field (primarily temporary employees) payroll. A reduction in this number from six to two claims - one for the permanent employees and one for

the field payroll - would eliminate the cost of preparing and accounting for an excessive number of claims but would not detract from the necessary documentation and authorization. However, there will no longer be a need for department payroll claims once the department's payroll is incorporated into the proposed central payroll system.

RECOMMENDATION

We recommend that the Fish and Game Department reduce the number of monthly claims submitted for payroll from six to two pending the incorporation of their payroll into the state-wide central payroll system.

2. During our review of the department's records relating to payroll, several areas were noted where improvement in internal controls should be made, such as:

- (1) Attendance report forms (time rolls) do not provide for the employees' signatures.
- (2) Several time rolls were not approved by supervisors and many were approved in pencil.
- (3) The same employee both signs claims for payroll and distributes payroll warrants to employees located in the Helena headquarters offices.
- (4) No formal records are maintained for employees' overtime. The number of overtime hours worked, compensating time off, and balance for each employee should be maintained for accountability purposes and to keep the department and employees informed as to the use of overtime.

RECOMMENDATION

We recommend that the Fish and Game Department:

- (1) Require time rolls to be signed by each employee and approved in ink by the employee's supervisor.
- (2) Segregate the duties of approving payroll claims and distributing payroll warrants.
- (3) Establish and maintain on a monthly basis, formal overtime records, similar to those currently maintained for vacation and sick leave showing for each employee the total number of overtime hours worked, total hours of compensating time off, and total hours balance available.

APPROPRIATION CONTROL

As discussed under the heading Financial Statements and Accounting Systems earlier in this report, the Fish and Game Department has not maintained records to adequately account for and control its appropriation expenditures. The following comments present our findings and recommendations in the area of appropriation control. Although our examination was for the 1966-67 fiscal year it will be noted that several of these comments cover transactions of the 1965-66 and 1967-68 fiscal years as some of our findings led us into those years' records.

Expenditures - General

It was noted during our review of the department's expenditures paid by claims that no uniform system was being followed by department employees as to certification that goods and services paid for by the department had been received. Some invoices were dated and signed, some were initialed, and a few contained no indication of receipt.

It was also noted that several cash discounts were lost due to untimely processing of claims for payment or oversight.

RECOMMENDATION

We recommend that:

- (1) The department implement an adequate standard method of certification of receipt of goods and services that will contain a certification statement that the goods being paid for were received, the signature of the employee receiving the items, and the date they were received.
- (2) The department and the State Controller review and revise their claim processing procedures in order to take advantage of cash discounts to the most practical extent.

Reserve for Encumbrances

Reserve for encumbrances of the Earmarked Revenue Fund as recorded by the Fish and Game Department at June 30, 1967, in the amount of \$223,502 are overstated by at least \$93,351. This amount represents several of the larger recorded encumbrances for which payment had been made prior to June 30, 1967 but which were not disencumbered upon payment. The largest individual overstated amount was a State Parks contract for \$65,412 for construction of latrines at various state parks. These overstated encumbrances result in an inaccurate disclosure of the agency's financial condition. In addition, if the \$93,351 had been properly disencumbered, this amount would have been available for the department's use and, if not used, reverted at yearend.

In April 1967, the Fish and Game Department purchased a used fork lift by means of the regular process of submitting a requisition to the State Purchasing Division, Department of Administration. The requisition and purchase order were written with terms as follows:

Price, Used Machine	\$3,000
Less payment due July 10, 1967	<u>2,700</u>
Net amount due for payment in three equal installments in April, May, and June 1967	<u>\$ 300</u>

The remaining \$2,700 was paid in July 1967 from Fish and Game's appropriation for the 1967-68 fiscal year. The machine was capitalized in the department's fixed assets at June 30, 1967 at the full purchase price of \$3,000. This method of purchase was obviously utilized to conserve the 1966-67 appropriation balance while at the same time having the use of the equipment. This is only a noted isolated instance but serves to illustrate a practice we believe is not in compliance with the intent of the Legislature.

RECOMMENDATION

We recommend that:

- (1) The Fish and Game Department and the State Controller revise their system to insure that all encumbrances are properly reduced when payments are made against them.
- (2) The full cost of equipment items be encumbered on purchase orders at the time the order is placed.

Netting of Receipts and Disbursements

Revenue of the Fish and Game Department for the Federal and Private Grant Clearance Fund shown in Exhibit D as \$18,032 consists of a net of revenues and expenditures as follows:

Receipts from federal government	\$284,755
Disbursements to local governments or other state funds	<u>266,723</u>
Net	<u>\$ 18,032</u>

These amounts should be reported on a gross basis in order to make a clear presentation of this phase of the department's operations.

RECOMMENDATION

We recommend that the Fish and Game Department report its revenues and expenditures on a gross basis.

Refunds to Expenditures

Expenditures of the department are understated due to the policy of crediting expenditures for several types of receipts that should be recorded as revenue. Receipts totaling \$92,045 during 1966-67 were credited to the department's expenditure accounts. Included in this amount were employee housing rentals, \$21,750; income from the sale of hay produced incidental to project operations, \$6,318; reimbursements from the Federal Bureau of Land Management for a sagebrush study, \$23,585; plus a variety of other items most of which we believe should be designated as revenue. The effect of treating these items as refunds to expenditures is to increase the department's budget.

RECOMMENDATION

We recommend that:

- (1) The department revise its budgetary and accounting procedure to allow for the recording of most of its currently designated refunds as revenue.
- (2) The State Controller and Budget Director establish guidelines as to what type items should be classified as refunds to expenditures.

State Parks

Matching of Revenues and Expenditures

During the 1967-68 fiscal year, all collections totaling \$68,189 from operation of the Lewis and Clark Caverns were credited to the department's account in the Earmarked Revenue Fund whereas most of the expenditures (\$41,266) were paid from the General Fund. This is an unfair burden to place upon the General Fund. Revenues from self-financing operations should, as far as practicable, be credited to the fund from which the operation is financed. Subsequent to April 1, 1968, expenditures for operation of Lewis and Clark Caverns have been paid from the Earmarked Revenue Fund.

RECOMMENDATION

We recommend that a fund transfer be made reimbursing the General fund and charging the Earmarked Revenue Fund for \$41,266 expenditures incurred in the operation of Lewis and Clark Caverns during 1967-68 that were charged to the General Fund.

Undeposited Revenue and Unappropriated Expenditure

The administration of state parks in Montana was under the Highway Commission until 1965 at which time the Legislature passed the responsibility to the Fish and Game Commission. In connection with its administration of the operation of Lewis and Clark Caverns State Park, the Highway Commission had a contract with the concessionaire at the Caverns which provided that 10% of gross concession sales be remitted to the State. This contract is still in effect. The revenue from July 1, 1963 and until July 1, 1967, was deposited into the General Fund. The 1967 Legislature amended Fish and Game Laws to allow the department to deposit all its revenue into the Earmarked Revenue Fund.

Effective January 26, 1965, the Highway Commission approved a contract with the concessionaire which provided that the concessionaire would make a \$10,000 building addition to the cafe-curio shop (a state-owned building) and that the State would repay the cost of the addition plus 8% interest. The method of repayment by the State as provided by the contract is that the concessionaire was allowed to withhold sufficient amounts to cover the cost plus interest from the amount due the State under the concession contract. The building addition was completed and the State paid for it over a 3 year period in the manner prescribed in the contract. The result is that the State paid for a building addition without an appropriation from the Legislature and it was financed from revenues that would have ordinarily flowed into the state treasury for appropriation as follows:

General Fund	\$ 8,507
Earmarked Revenue Fund	<u>2,257</u>
Total	<u>\$10,764</u>

RECOMMENDATION

We recommend that all state revenues be deposited in tact in the state treasury and expenditures made therefrom in accordance with authority granted by the Legislature.

Operating Expenses Paid from the Federal and Private Grant Clearance Fund

The Fish and Game Department expended \$19,619 during 1966-67 for state parks operations from the Federal and Private Grant Clearance Fund. The disbursement of moneys from this fund for operating expenses circumvents the legislative process because appropriations by law cannot be made from this fund. Section 79-410 (5), R.C.M. 1947 states in describing the function of this fund that

" . . . those moneys to be used for operation of state government shall be transferred to the Federal and Private Revenue Fund prior to disbursement".

RECOMMENDATION

We recommend that the Fish and Game Department adhere to the provisions of Section 79-410 (5), R.C.M. 1947 and that the State Controller enforce these provisions.

Appropriation for Canyon Ferry and Tiber State Parks

As shown on Exhibit E, included in the 1965-67 Appropriation Act for State Parks was an appropriation "for development of Canyon Ferry and Tiber state parks, for operation and capital" - \$10,000 for 1965-66 and \$11,000 for 1966-67. Expenditures charged to this appropriation during 1966-67 include charges for costs applicable to several state parks, other than Canyon Ferry and Tiber. Some examples of such expenditures are \$4,988 for well drilling at Painted Rocks Reservoir and \$996 for installation of a ramp at Thompson Falls.

RECOMMENDATION

We recommend that the Fish and Game Department charge expenditures in accordance with provisions of the Appropriation Act and that the State Controller enforce these provisions.

Expenditures for State Parks from Fish and Game Resources

The total appropriation expenditures for state parks as recorded by the Fish and Game Department for 1966-67 amounted to \$415,619. However, total program expenditures for state parks as recorded in the department's program accounts amounted to \$427,978 or \$12,359 more than was recorded in the appropriation accounts. The reason for this is that the department ran out of available funds (appropriated for state parks) and charged the state parks

June 1967 payroll and other items to the fish and game appropriations resulting in fish and game moneys being spent for state parks.

RECOMMENDATION

We recommend that the Fish and Game Department:

- (1) Make a transfer whereby the \$12,359 overexpenditure of state parks appropriations is charged to the state parks accounts and credited to the fish and game accounts.
- (2) Revise its management reporting system so that any necessary curtailments in parks costs could be made at the appropriate time.
- (3) Amend its system to provide for monthly reconciliations of parks resources to program expenditures.

Capital Outlay

Overstatement of Expenditures for Land Acquisitions

Expenditures during 1966-67 for fishing access land acquisition recorded by the Fish and Game Department totaling \$55,154 as shown on Exhibit F-1 include \$20,000 that was not disbursed but for which an obligation existed. A \$20,000 warrant was drawn in March 1967 in payment of a land purchase obligation the department had. The warrant was held by the department until October 1967 when the department's obligation to buy the land terminated and the warrant was cancelled. The more proper route to take would have been to encumber the \$20,000 in March when the obligation was incurred and not draw a warrant until such time as payment might become due. This would serve the purpose of encumbering available funds for an authentic obligation while at the same time reflecting no transactions in the department's cash and expenditure accounts.

RECOMMENDATION

We recommend that the department encumber its funds rather than drawing warrants at the time an obligation is incurred for which payment is not due for a considerable time.

Capital Outlay Expenditures Charged to Operations Appropriations

1. Included in 1965-66 charges to the department's appropriation for fish and game operations was a \$12,425 land purchase for fishing access. This purchase should have been charged to the department's appropriation for fishing access land acquisition. The department had \$50,000 appropriated for such acquisitions during 1965-66. As shown on Exhibit F-1, \$42,419 is recorded as being spent against this appropriation. When the \$12,425 purchase erroneously charged to the operating appropriation is added, the result is that the 1965-66 appropriation for fishing access land acquisitions was overexpended \$4,844.

2. In May 1968, a claim for \$4,983 was paid for office remodeling work performed in the department headquarters offices in Helena. There was no appropriation for fish and game office remodeling work in 1967-68. Of the \$4,983 payment, \$1,500 was charged to the department's 1967-68 appropriation for fishery facilities with the justification that approximately one-third of the total work was in regard to fisheries. The remaining \$3,483 was charged to the department's 1967-68 appropriation for operations.

3. A \$4,501 expenditure for an office addition to the Bozeman district office was also charged to the 1967-68 operations appropriation.

We question the justification for charging part of the headquarters office remodeling to the fishery facilities appropriation and the described charges to the department's operations appropriation are in direct contrast to House Bill No. 529, Appropriation Act of 1965, Section 3, which states in part: "(1) The term "operation" means all expenditures for salaries, employee benefits, all

ordinary and necessary expenditures for the operation of the agency to which the appropriation applies, and repairs and maintenance.

(4) The term "repairs and maintenance" means repairs to equipment and the cost of replacement of parts of equipment, repairs to buildings and to the plumbing, heating, wiring and air conditioning systems in buildings occasioned by ordinary wear and tear or by physical damage, and the cost of painting the exteriors and interiors of buildings. Major alterations of existing buildings are capital expenditures and are not repairs and maintenance.

(5) The term "capital" means those items which do not lose their identity, which are adaptable to continuing use and have a useful life of more than one (1) year. Capital shall be charged with the replacement of existing capital assets, as well as new acquisitions, but does not include expenditures for construction or furnishing of buildings or purchase of land unless specifically authorized."

RECOMMENDATION

We recommend that the Fish and Game Department and State Controller adhere to the prescribed requirements of law which establish the purposes for which specific appropriations can be expended.

Overexpenditure of Capital Outlay Appropriations

The 1965-67 Appropriation Act (pages 960-962) provided for several fish and game capital, development, and land acquisition projects to be financed from the Earmarked Revenue Fund. Although the projects were appropriated separately, they were not accounted for separately by the Fish and Game Department or the State Controller. This is a significant deficiency in the appropriation control system which could lead to the overexpenditure of appropriated amounts. Three such appropriations were overexpended during the biennium in addition to the

1965-66 appropriation for fishing access land acquisition discussed above. These are shown on Exhibit F-1 and consist of:

<u>Project</u>	<u>Amount</u>	<u>Overexpended</u>
(1) Water pipeline replacement at Anaconda Hatchery	\$ 5,013	
(2) Fishing access land acquisition (1966-67)	11,099	
(3) Residence at Freezout	2,274	

At our suggestion, accountability for individual 1967-68 capital outlay appropriations was established in January 1968.

RECOMMENDATION

We recommend that the Fish and Game Department and the State Controller continue to maintain accountability for each appropriation made by the Legislature.

Expenditure of Capital Outlay Appropriations for Operations

As shown by Exhibit F-1, the Fish and Game Department expended approximately \$250,000 for operating costs from its 1965-66 appropriations for capital outlay. These payments were approved by the State Controller's office. This was done in late May and June 1966 when the department ran short of funds in its appropriation for operations. This again is directly contrary to the provisions of the appropriation laws. Legal means were available to obtain the necessary funds to pay the department's operating costs. The department could have requested authorization in accordance with Section 79-1019, R.C.M. 1947, to make expenditures for 1965-66 operations from the 1966-67 appropriation and, if the need existed, requested a supplemental appropriation for 1966-67 operations.

RECOMMENDATION

We recommend that:

- (1) The Fish and Game Department adhere to provisions of the appropriation acts and alleviate its monetary deficiencies by means provided for in the law.
- (2) The State Controller enforce the provisions of the appropriation acts.

Unrecorded Appropriation Reimbursement

As shown by Exhibit F, a \$133,656 reimbursement was not credited to the department's appropriation for operations as it should have been. This was a November 1966 transfer from the Federal and Private Revenue Fund representing reimbursement of the federal government's contracted share of costs of eligible fish and game activities. The full cost of these operations must first be paid by the Fish and Game Department. Costs applicable to fish and game operations are paid from the department's appropriations in the Earmarked Revenue Fund. Federal reimbursements were ordinarily credited to the department's appropriation for operations in the Earmarked Revenue Fund upon transfer from the Federal and Private Revenue Fund. However, the November 1966 transfer was credited to the department's account in the Earmarked Revenue Fund but was incorrectly not credited to the appropriation. The result is that the department had \$133,656 more operations funds available for 1966-67 than their appropriation reports indicated.

RECOMMENDATION

We recommend that appropriate interfund reimbursements be credited to the proper appropriations and accounts.

Conclusion for Appropriation Control

As noted time and again in the preceding pages of this report, provisions

of the appropriation acts are not being complied with. We now raise the question - why not? It appears to us there are several reasons. We discuss these below.

- (1) The present state accounting system is inadequate to cope with the complexities involved in maintaining accounts in accordance with acceptable governmental accounting principles. The centralized accounting of the State for the most part is done on the computer. Computerization is necessary in order to handle the volume of transactions and to account for the numerous accounts and appropriations. However, insufficient consideration has been given to the requirement of acceptable accounting principles and as a result, reports prepared from the computer although numerous in number do not adequately reflect the State's financial condition and operations. This deficiency in the accounting records can probably be attributed to the fact that accountants trained in governmental finance are not integrally involved in the planning behind the computer accounting systems.
- (2) Too little emphasis has been placed by the State Controller and the agencies on the legal requirements applicable to the accounting function. Statutory provisions have often been regarded as broad policies as opposed to specific directives from the Legislature. In many instances, sufficient legal authority had been provided whereby the agencies could have solved their financial problems by budget amendments as provided for by the appropriation acts or other statutes. It would appear that this approach was not taken because either the administrative officials were not aware of these provisions or that they interpreted the

legal requirements relating to appropriation acts as not really binding.

(3) However, we do recognize that probably too little flexibility is provided in the appropriation acts in regard to emergency situations. There may arise in the interim between legislative sessions an urgent need to finance a new project for which no appropriation had been made by the Legislature or to provide additional funds for projects which were authorized by the Legislature but for various reasons were underfinanced. In order to cope with such extenuating circumstances, we believe that the Legislature should give consideration to appropriating a set amount from which funds could be drawn for use in meeting these unexpected demands. All allocations for such an appropriation would be made only by authority of an executive body so designated by the Legislature or by authority of an interim legislative committee acting in this capacity.

REVENUE

Revenue Deposited in the General Fund

\$62,766 was collected from the concessionaire at Lewis and Clark Caverns during the 1966-67 fiscal year. Although the monies were collected by the Fish and Game Department and subsequently deposited in the General Fund, the department did not report the revenue in their financial reports. We believe that receipts handled by an agency should be recorded in their accounting records and reflected in their financial reports even though that agency may not use the funds for their own operations. In this way readers of their financial reports are informed of all activity with which the agency is associated.

RECOMMENDATION

We recommend that all revenues collected by the department be accounted for in their records and reported in their financial statements.

Concession Income - Yacht Basin Marina

The Fish and Game Department has an agreement with the concessionaire at the Yacht Basin Marina - Canyon Ferry Recreation Area which stipulates that the concessionaire shall pay to the department 1 1/2% of gross sales for each calendar year on or before March 1 of the next year. The amount (\$331) due for sales made in 1965 was not received by the department until December 1, 1966 or some 9 months late. Likewise, the amount (\$443) due for sales made in 1966 was not received until August 24, 1967, approximately 6 months later than what is called for in the agreement. We believe the concessionaire should be required to remit the amounts due on a timely basis in accordance with the agreement.

Department personnel do not audit the records of the concessionaire and therefore cannot determine that the amount remitted by the concessionaire is in

accordance with their agreement. Prior to the transfer of the responsibility for the state parks program from the Highway Commission to the Fish and Game Commission in 1965, Highway Commission personnel audited the concessionaire's records to assure them the terms of the agreement were being complied with. We believe that such an audit is necessary and that the Fish and Game Department should institute such audits on a yearly basis. Fish and game personnel now audit the records of the concessionaire at Lewis and Clark Caverns and their audits could be extended to include the concessionaire's records at the Yacht Basin Marina.

RECOMMENDATION

We recommend that the department require all concessionaires to remit amounts due on a timely basis in accordance with the agreements and that the records of all concessionaires be audited by department personnel yearly.

Cabin Site Leases

Cabin site (Canyon Ferry) leases provide that payments be remitted to the department on or before September 1 of the year preceding the lease period which coincides with the calendar year. We found that a number of lease payments were long overdue - some lessees had not paid their yearly rental charge for up to 3 years. Department personnel have corresponded with the delinquent lessees concerning overdue payments but with little response on the part of the concerned lessees. No enforcement procedures have been applied towards the collection of these overdue amounts.

RECOMMENDATION

We recommend that procedures be established that will insure timely remittances on the part of cabin site lessees.

Grazing Leases

The department subleases certain parcels of land owned or controlled by the department to local ranchers. We found that the lease arrangements concerning the Canyon Ferry area had been delegated to the fish and game warden assigned to that area. The warden not only keeps the lease agreements in his home but also bills and collects for the rental charges. Consequently, no segregation is possible of the billing and receipting functions. The practice of maintaining state accounting records outside of designated state offices should be discouraged.

RECOMMENDATION

We recommend that the accounting records relating to land grazing leases be maintained in the department headquarters office and that billings and collections be centralized.

Accountability of Fish and Game Violation Notices

Under new procedures that were put into effect January 1, 1968, fish and game wardens are authorized to collect bail, in an amount set according to a schedule approved by the local Justices of the Peace, at the time of the Fish and Game violation. The violator may, instead of being arrested, be issued a notice to appear. The violator can then pay bail directly to the warden. The "notice to appear" forms are prenumbered but no accountability has been established over the numbers issued to the respective wardens. We believe that since the warden can accept bail in the field, an accountability should be established over the "notice to appear" documents issued to each warden to insure that a proper disposition of the money is made.

RECOMMENDATION

We recommend that an accountability be established of the pre-numbered "notice to appear" forms issued to each warden.

Control Over Licenses - Headquarters

The department's licensing section maintains on a license year basis an accountability control of the prenumbered licenses, by type, issued, sold, and returned for each license dealer. In addition to the above, the license section should prepare at the close of each license year a formal report of the number of licenses, by type, printed, sold, held by license agents, on hand in the department, and destroyed. The preparation of a formal report of this nature would serve to assure department management that all licenses have been properly accounted for.

The destruction of unused licenses remaining at the close of a license year should be witnessed and certified to by a disinterested party.

RECOMMENDATION

We recommend that for each license year:

- (1) A formal report be prepared which will indicate all licenses, by type, printed, sold, held by license agents, on hand in the department, and destroyed.
- (2) The destruction of unissued licenses be witnessed and certified to by a disinterested party.

License Dealers' Remittances

Although the law (Section 26-222, R.C.M. 1947) requires that license dealers remit all license sales collections, less 15¢ per license, to the department on or before the 10th of the month following the month of the sales, the department was not requiring the license agents to adhere to the provisions of the statute. Instead, the department substituted a billing procedure whereby license dealers were required to send in copies of the licenses sold by the 10th of the month after which the department would compute the amount due and bill the license dealer. This billing procedure resulted in the department receiving the

license income approximately one month later than it would have under the procedure provided in the statute. Fish and game officials indicated to us that license dealers preferred the billing procedure because all computations regarding the licenses were made by the department and thus it simplified the work required of the agents.

Early in our audit we pointed out to department officials the billing procedure was contrary to statutory provisions. They immediately countermanded their former directive to the license dealers in which they had implemented the billing procedure and issued new instructions to the effect that statutory provisions would have to be complied with. Consequently, all license sales monies are now required to be remitted by the 10th of the month following the month in which the licenses were sold.

We believe that the remittance requirement as now set forth in the statutes has considerable merit. It appears only logical that these funds which belong to the State should be remitted as expeditiously as practicable. The early remittance of these funds should result, through the State Treasurer's investment program, in additional interest earnings to the State. If the dealers were allowed to remit at the later date they would have in their possession almost two months sales receipts and therefore bonding requirements would need to be increased substantially. In our opinion, the advantages inherent in a prompt remittance procedure outweigh the disadvantages as represented by a little extra effort on the part of the license dealers.

Currently, the department's licensing section spends considerable time corresponding with license dealers in connection with their attempt to collect relatively small amounts that the license dealers owe because the dealers had failed to remit the proper amounts. These variations are due to miscalculations on the part of the dealer or to various other reasons. Time consuming effort

spent on collecting such small amounts is relatively unproductive. License dealers are remitting monthly on a continual basis and an underpayment for one month could easily, without any appreciable harm accruing to the State, be included in the next month's remittance by the license dealer.

Conversely, the department maintains a refund account in a local bank which is used to make refunds to license dealers if their remittance has exceeded the amount actually due the State. Here, again, we find a lot of effort expended in order to obtain an exact accounting for each license dealer each month. We believe that small amounts should not be returned to the license dealers but rather that the dealers be instructed to deduct from their next month's remittance the amount of the previous month's overpayment. If such a practice was established, the department would no longer need to maintain a refund account in a local bank.

The department should, after due consideration, establish an appropriate fixed dollar amount as to under and overpayments for which no collections would be required or refunds made until the following month.

RECOMMENDATION

We recommend that the department:

- (1) Continue to enforce provisions of present laws so as to insure timely remittance by license dealers.
- (2) Consider revising current procedures relating to small balances owed by or due to license dealers.
- (3) Close the refund account in local bank.

Accounts Receivable from License Dealers

The department's procedure of billing license dealers for amounts due was in effect on June 30, 1967. We determined that approximately \$135,000 was due

to the department on that date but not recorded on their financial statements. The amount represents license sales, duplicate copies of which had been received and processed by the department, but as of that date not collected from the license dealers. Consequently, the assets as shown on the department's financial statements at June 30, 1967 are understated by this amount.

The reason for the understatement is that the department has not incorporated in their accounting system provisions for accounting for accounts receivable due from license dealers. We believe that provisions should be made for recording these accounts receivable in order that (1) the financial statements will more accurately present the financial condition of the department and (2) better control will be provided and an exact accountability can be made at any given time of the amounts due the department from license dealers.

If our recommendation concerning the segregation of the cashiering function from the licensing function is followed (See Procedures Regarding Cash), the establishment of a recording system for license dealers accounts receivable. is essential.

RECOMMENDATION

We recommend that the present accounting system be revised to include provisions for establishing an accountability over license dealers' accounts receivable.

License Dealers' Bonds

By statute, Section 26-221, R.C.M. 1947, each appointed license agent is required to furnish a corporate surety bond in an amount equal to \$1,000 or in an amount equal to the value of the licenses received for distribution, said amount to be fixed at the discretion of the State Fish and Game Director.

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Presently, the department has four levels at which an agent can be bonded - \$2,850, \$4,000, \$5,000, or \$6,000. These levels were established in 1963, that being the last year bonding requirements for license agents as a group were re-examined and adjusted. However, major revisions in the levels of bonding are necessary if the State's interests are to be fully protected.

In years past an accountability could be established for the dollar value of licenses issued because each license had only one assigned value. Now, however, combination licenses are used with several potential values assigned to the license dependent upon what the license is purchased for. For example, the nonresident fishing and bird license for 1968 can be sold to a sportsman for any one of the following license fees:

Fishing - season	\$15.00
Fishing - 6 day	5.00
Bird	25.00
Duplicate - any of above	1.00

The question arises as to what value should be assigned to the above license for license dealer bonding purposes. Following we have recapped for illustration purposes, the minimum and maximum values of some of the 1968 license shipments to a few dealers:

<u>Dealer</u>	<u>Bond Value</u>	<u>1968 Shipment Value</u>	
		<u>Minimum</u>	<u>-</u>
#1	\$6,000	\$21,080	\$49,360
#2	2,850	15,405	42,710
#3	2,850	17,890	43,500
#4	6,000	32,120	72,100
#5	5,000	26,150	98,950

Note - the minimum value was established by using the lowest dollar option shown on license excepting the charge for duplicates which should be a relatively unusual occurrence.

The above figures represent only one shipment and do not consider subsequent shipments that would amplify the problem.

We noted a number of instances where the amount remitted, representing one months sales, to the department from license dealers far exceeded their bond. Some examples are:

<u>Dealer</u>	<u>Bond</u>	<u>License Sales Remitted</u>
#1	\$2,850	\$11,651
#2	6,000	13,042
#3	6,000	12,937
#4	5,000	12,500
#5	6,000	18,971

It should be noted that license sales activity is not constant but rather will hit peak periods such as during the big game hunting period at which time a large number of nonresident licenses having a high dollar value per license are sold.

We noted during our examination one instance where a license dealer sold over a period of time \$4,736 worth of licenses but failed to make his remittance to the department. After collection attempts failed, the department went to the dealer's bonding company for relief. The dealer had been bonded for \$2,850. Consequently \$1,886 remained to be collected and is still outstanding. In this particular case not only was the bond set too low but also the department failed to monitor the account and allowed the dealer to continue to sell licenses even though he was not making monthly remittances to the department.

The department has appointed over 400 dealers as authorized license sales agents. Each year the agent bond files must be reviewed to determine that current bonds are on file prior to the shipment of new licenses to the respective dealers. This is a rather time consuming but necessary task under the present system.

In our opinion, current bonding requirements are set too low. A thorough review of each agent's license sales activity needs to be made and the appropriate



adjustments made in the bond requirements.

However, we believe the department should consider a practice that is followed in the State of Nebraska. Nebraska obtains a blanket bond that will cover all dealers. The blanket bond should be of sufficient value to cover large shipments of licenses to dealers and thus reduce the number of shipments required yearly. Such a bond would eliminate the need to review agents' bonds yearly, to monitor license sales activity to be sure current bonds are adequate, and to require license agents to obtain current renewals of bonds.

RECOMMENDATION

We recommend that either bonding requirements be increased for license dealers based on the value of the licenses issued or a blanket bond be obtained that would cover all license agents.

Proof of Residency

The statutes do not provide nor does the department require that applicants purchasing resident licenses show proof of residency.

A number of states require applicants purchasing resident licenses to show some type of identification that would serve to verify that the applicant is a resident such as drivers license, military or employee I.D. card, current credit card, etc.

We believe that a proof of residency requirement would serve as an effective deterrent against nonresidents obtaining resident licenses and yet be relatively easy to administer without causing undue hardship to the license agents or license applicants.

RECOMMENDATION

We recommend that consideration be given to requiring proof of residency at the time resident licenses are sold.

Duplicate Licenses

The department issues a considerable number of duplicate licenses each year. Following we have tabulated the number that have been issued during the past three fiscal years.

<u>Type of License</u>	<u>Fiscal Year</u>		
	<u>1965-66</u>	<u>1966-67</u>	<u>1967-68</u>
Fishing	2,445	2,947	2,279
Big Game	853	1,046	1,258
Other	<u>1</u>	<u>2</u>	<u>160</u>
Total	<u>3,299</u>	<u>3,995</u>	<u>3,697</u>

Under the present system a sportsman can obtain a duplicate license by going to any license dealer, paying \$1.00, and signing an affidavit in which he certifies that he has lost the license originally issued to him.

No verification is done by the department, other than in isolated cases, as to the validity of the affidavit. Because of the low cost (\$1.00) involved in purchasing a duplicate, we believe the department should implement procedures whereby, on a random basis, the department can assure themselves that the duplicates being issued are in fact replacing lost licenses.

We suggest that the applicant seeking a duplicate be required to show proper identification and to note on the duplicate affidavit (1) the license dealer's name from whom the original license was purchased and (2) the month in which the purchase was made. By forwarding this information to the department headquarters licensing section, the department could on a random basis with minimum effort determine that an original license had been purchased. In this way the department would be assured that the duplicate licenses are being issued in accordance with the purpose for which they are established.

RECOMMENDATION

We recommend that consideration be given to revising procedures regarding the issuance of duplicate licenses so

that the department can be assured the duplicate licenses are issued for the purpose for which they were established.

CONCLUSION

As noted in our initial comments in this report, the Fish and Game Department does not have an adequate accounting system.

Partial responsibility for the deficiencies in the system rest with the department for each department of state government should constantly survey the various functions under its control to determine that all functions are operating effectively and in accordance with acceptable practices.

However, Section 82-110, R.C.M. 1947, provides that the State Controller shall prescribe and install uniform accounting and reporting for all state agencies. The Controller has not provided direction to the agencies in regards to the way their accounting should be done. Until such time as this direction is forthcoming, we cannot anticipate that the accounting records throughout state government will be either uniform or in accordance with generally accepted governmental accounting principles.

Prior to the conclusion of our audit, some of the recommendations contained in this report had been implemented by the department. At the time our findings were discussed with the director and deputy director of the department, they indicated to us that steps were being taken to bring about the implementation of even more of the recommendations.

We wish to express our appreciation for the excellent cooperation and assistance received from the Director of the Fish and Game Department, the

deputy director, the accounting staff, and other commission employees.

Respectfully submitted,

Morris L. Brusett

MORRIS L. BRUSSETT
Legislative Auditor

August 9, 1968

FISH AND GAME COMMISSION
ALL FUNDS
BALANCE SHEET
June 30, 1967

	<u>General Fund</u>	<u>Earmarked Revenue Fund</u>	<u>Federal and Private Revenue Fund</u>	<u>Federal and Private Grant Clearance Fund</u>	<u>General Fixed Assets</u>
<u>Assets</u>					
Cash in State Treasury	\$ -	\$664,937	\$ 43,906	\$21,690	\$ -
Accounts Receivable:					
Federal Cooperative Projects	-	-	127,448	-	-
Centennial Train	-	50,000	-	-	-
Investments (3.75% Silver Bow County School District Bonds)	-	94,000	-	-	-
Encumbered Appropriation	4,672	-	-	-	-
Stores and Supplies	-	94,199	-	-	-
Fixed Assets:					
Land	-	-	-	-	2,346,075
Buildings	-	-	-	-	1,340,567
Improvements Other than Buildings	-	-	-	-	1,302,277
Equipment and Livestock	-	-	-	-	1,653,202
Less Allowance for Depreciation	-	-	-	-	(1,807,148)
Total Assets	<u>\$4,672</u>	<u>\$903,136</u>	<u>\$171,354</u>	<u>\$21,690</u>	<u>\$4,834,973</u>

Reserves and Fund Balance

Reserves for:						
Encumbrances	\$3,052	\$223,502	\$ 978	\$ 665	\$ -	
Investment in General Fixed Assets	-	-	-	-	4,834,973	
Stores and Supplies	-	94,199	-	-	-	
Accounts Receivable	-	50,000	127,448	-	-	
Fund Balance - Exhibit B	<u>1,620</u>	<u>535,435</u>	<u>42,928</u>	<u>21,025</u>	<u>-</u>	
Total Reserves and Fund Balance	<u>\$4,672</u>	<u>\$903,136</u>	<u>\$171,354</u>	<u>\$21,690</u>	<u>\$4,834,973</u>	

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RECEIPTS AND EXPENDITURES
ALL FUNDS
STATEMENT OF CHANGES IN NET POSITION
Fiscal Year Ended June 30, 1967

	General Fund	Revenue Fund	Private Activity Fund	Capital Assets
Beginning Balance, July 1, 1966	\$ 20,688	\$ 846,972	\$ 17,493	\$ 1,197
Revenues and Appropriation	100,000	-	-	-
Transfers:				
C	-	2,09,011	-	-
D	-	-	42,915	5,012
Change in Encumbrances,				
June 30, 1966	1,609	219,312	83	1,000
Balance and Additions	131,297	3,75,315	760,481	9,319
Decreases:				
Expenditures:				
A	126,625	-	-	-
B	-	3,016,438	-	-
C	-	-	516,575	-
State Parks Federal Account	-	-	-	9,169
Change in Encumbrances,				
June 30, 1967	3,052	223,502	973	665
Ending Balance, June 30, 1967	\$ 1,620	\$ 535,435	\$ 42,921	\$ 1,025

FEES AND GAME LICENSES
EARLY PAYMENT STATEMENT
STATEMENT OF FEE
For the Years Ended June 30, 1966, 1965, 1964

Game Type	License Fee	1965-66 Fees		Amount Collected	Number of Licenses Sold	Amount Collected
		Number of Licenses Sold	Year			
Resident and Non-resident Fishing Licenses:						
Resident Fishing	\$ 3	102,260	6	306,780	3,179	2,527,117
" " "	4	-		-	25,895	103,521
Non-resident Limited Fishing	3	53,932	161,796	50,175	178,122	
" " "	5	-	-	-	1,381	6,521
Non-resident Season Fishing	10	7,226	72,260	1,221	12,200	
" " "	15	-	-	-	145	12,675
Duplicate Fishing	1	2,445	2,445	1,477	2,445	
Combination Fishing-Bird	5	34,474	172,370	2,504	172,370	
" " "	6	-	-	-	741	22,171
Resident Bird	2	98,459	196,918	0,293	196,918	202,507
Non-resident Bird	25	430	10,750	133	10,750	10,371
Resident Bird - Youth	1	-	-	-	15	15
Elk	1	3,155	3,155	1,413	3,155	5,413
Elk	3	-	-	-	9	27
Elk, Deer A and Deer B	3	54,813	164,649	50,366	164,649	252,712
Elk, Deer	2	25,226	50,452	30,514	50,452	57,032
" " "	6	-	-	-	40	40
Elk, Deer B	2	437	874	381	874	874
Elk, Deer - Youth	3	-	-	-	2	5
Deer A	1	13,243	13,243	10,190	13,243	10,190
" " "	3	-	-	-	37	11
Deer A - Youth	1.50	-	-	-	1	2
Deer B	1	3,049	3,049	1,525	3,049	3,049
" " "	5	-	-	-	6	10
Deer B - Youth	2.50	-	-	-	1	1
Deer A and Deer B	2	23,937	47,874	21,190	47,874	21,190
Non-resident Deer	20	9,631	192,620	5,028	192,620	5,028
Duplicate Resident Big Game	1	834	834	400	834	1,000
Resident Combination	12	-	-	-	383	1,032
Duplicate Resident Combination	1	-	-	-	1	1
Non-resident Big Game	100	7,567	756,700	9,016	756,700	9,016
" " "	125	-	-	-	71	875
Duplicate Non-resident Big Game	1	19	19	39	19	2
Mountain Goat	5	1,684	8,420	1,929	8,420	9,429
Turkey	2	2,850	5,700	2,852	5,700	5,700
Bow and Arrow	2	2,372	4,744	2,662	4,744	5,324
Non-resident Bear	20	52	1,040	53	1,040	53
" " "	35	-	-	-	2	7
Mountain Sheep	15	557	8,355	1,641	8,355	8,355
Antelope	1	25,703	25,703	20,010	25,703	25,703
Non-resident Antelope	20	2,249	44,980	1,760	44,980	46,740
Moose	25	687	17,175	703	17,175	17,175
Resident Sportsman	20	-	-	-	267	267
Resident Grizzly	1	-	-	-	31	31
Non-resident Grizzly	25	-	-	-	1	1
Duplicate Special Permit	1	1	1	1	1	1
Shipping Permits	0.60	103	61	21	61	21
Old Accruals Paid:						
1964 License Year				641		1,171
1965 License Year				7,201		5,028
1966 License Year				-		1,032
Total				2,280,810		
Less Dealer's Fees	0.15			(64,646)		
Carried Forward - License Sale Revenue				2,216,164		

Note

Differences in the license fee rates for similar type licenses represent increases that became effective May 1, 1967.

FISH AND GAME COMMISSION
EARMARKED REVENUE FUND
STATEMENT OF REVENUE
Fiscal Years Ended June 30, 1966 and 1967

Revenue Type	1965-66 Fiscal Year			1966-67 Fiscal Year	
	License Fee	Number of Licenses Sold	Amount Collected	Number of Licenses Sold	Amount Collected
Brought Forward - License Sale Revenue			\$2,216,164		\$2,394,309
<u>Miscellaneous Sales:</u>					
General Trapper	\$10	866	8,660	937	9,370
Beaver Tags	0.50	10,362	5,181	10,032	5,016
Beaver Permits	5	178	890	143	1,215
Outfitter	10	437	4,370	339	3,390
Land Owner Trapper	1	125	125	16	16
Resident Fur Dealer	10	33	330	24	240
Fur Dealer Agent	10	25	250	27	270
Non-resident Fur Dealer	50	3	150	2	100
Taxiderrist	15	27	405	30	450
Minnow Lining	10	23	230	20	200
Total			20,591		20,367
<u>Miscellaneous Revenue:</u>					
Fines			45,920		53,971
Sales of Fish and Meats			2,943		4,726
Land Lease - Clark Canyon, Tiber, Canyon Ferry			2,706		2,707
Rough Fish - Ft. Peck, Nelson			1,503		1
Interest on Bonds			3,750		3,638
Other Miscellaneous Revenue			40,565		27,864
Total			97,387		92,906
Total License and Miscellaneous Revenue			2,334,142		2,507,552
1% Motor Fuel Tax Collections			199,162		201,489
Grand Total - All Revenue			\$2,533,304		\$2,709,071

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FISCAL AND FINANCIAL MISSION
DEPARTMENT OF THE PRIVATE TRUST
GOVERNMENT OF REVENUE
Fiscal Year Ended June 30, 1961

<u>Federal and Private Land Fund</u>	<u>Federal and Private Grant Fund</u>	<u>Federal and Private Funds</u>
--	---	--

Source of Adoption

Receipts from Federal Government:

Wildlife Conservation Projects (T. V. - Robertson Act)	\$333,741	\$ -
Wildlife Conservation Projects (Dingley-Johnson Act)	157,725	-
Wildlife Recreation Projects (Federal Land and Water Conservation Fund Act)	42,992	-
Robin Site-Grazing Leases and Concessions at Canyon Ferry, Tiber, and Deadman's Basin State Parks	5,452	-
Federal Land and Water Conservation Fund Act Local Government Projects - Excess of Cash Receipts over Cash Disbursements	<u>-</u>	<u>18,032</u>
Total	\$742,910	\$18,032

FISH AND GAME COMMISSION
 GENERAL FUND AND FEDERAL AND PRIVATE REVENUE FUND
 STATEMENT OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS
 Fiscal Year Ended June 30, 1967

	Balance From 1965-66 Appropriation	1966-67 Appropriation	Total Available	Expenditures	Encumbrances	Unencumbered Balance
<u>GENERAL FUND</u>						
<u>STATE PARKS</u>						
Operation and Capital	\$ 28,429	\$ 73,750	\$ 102,179	\$100,588	\$1,086	\$ 505
Concessions Payments to Link Brothers at Lewis and Clark Caverns	2,868	12,750	15,618	12,537	1,966	1,115
Salary for the Head of the Agency	—	9,000	9,000	9,000	—	—
Expenditures for Travel	—	4,500	4,500	4,500	—	—
Total	\$ 31,297	\$100,000	\$131,297	\$126,625	\$3,052	\$1,620
<u>FEDERAL AND PRIVATE REVENUE FUND</u>						
<u>STATE PARKS</u>						
Development of Canyon Ferry and Tiber State Parks, for Operation and Capital	\$ 7,948	\$ 11,000	\$ 18,948	\$ 17,970	\$ 978	\$ —
<u>FISH AND GAME</u>						
Dingleill-Johnson and Pittman-Robertson Acts, for Operation and Capital (Note)	107,139	691,466	798,605	798,605	—	—
Total	\$115,087	\$702,466	\$817,553	\$816,575	\$ 978	\$ —

Note
 \$600,500 was appropriated for each of the 1965-66 and 1966-67 fiscal years
 plus available federal funds in excess thereof. Amounts shown represent
 the total cash available from federal reimbursements.

FISH AND GAME COMMISSION

EARMARKED REVENUE FUND

STATEMENT OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS

Fiscal Year Ended June 30, 1967

	Balance From 1965-66 Appropriation	1966-67 Appropriation	Supplemental Appropriation	Total Available	Expenditures	Encumbrances	Reverted
STATE PARKS							
Operation, Maintenance, Land Acquisition, and Capital at State Parks Where Motor Boating Is Permitted	\$133,414	\$ 335,000	\$ —	\$ 468,414	\$ 173,508	\$ 76,520	\$218,386
Payment of Outstanding Obligations for Creation, Improvement, and Maintenance at State Parks Where Motor Boating Is Allowed	—	—	89,895	89,895	88,347	1,548	—
 FISH AND GAME	 Operation and Capital	 186,424	 2,593,859	 75,000	 2,855,283	 2,721,456	 121,399
Reimbursement from Federal and Private Revenue Fund (Dingell-Johnson and Pittmen-Robertson Project Costs) Credited to Account Only and Not to Appropriation	—	—	—	—	(133,656)	—	133,656
Preparation of Recreation Plan (Note)	6,600	—	—	6,600	—	6,600	—
Plan and Develop Outdoor Recreation Resources	36,866	—	—	36,866	34,569	2,248	49
Capital, Development, Land Acquisition, and Fishing Access Land Acquisition - Summary Only - See Exhibit F-1 for Statement by Appropriation	7,238	277,255	—	284,493	109,414	15,187	159,892
APPROPRIATIONS TO OTHER DEPARTMENTS FROM THE FISH AND GAME ACCOUNT							
Department of Administration, for Operation and Capital	—	17,500	—	17,500	17,500	—	—
State Board of Examiners, for Payment of Fire and Casualty Insurance Premiums	—	—	5,300	—	5,300	—	—
Total	\$370,542	\$3,228,914	\$164,895	\$3,764,351	\$3,016,438	\$223,502	\$524,411

Note
Balance represents carryover from 1963-65 biennium.

FISH AND GAME COMMISSION

EARMARKED REVENUE FUND

STATEMENT OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS
CAPITAL, DEVELOPMENT, LAND ACQUISITION, AND FISHING ACCESS LAND ACQUISITION
Biennium Ended June 30, 1967

FISH AND GAME	Appropriation	1965-66 Expenditures	1965-66 Reverted or (Overexpended)	Balance Available for use in 1966-67	1966-67 Appropriation	1966-67 Expenditures	Encumbrances	Reverted or (Overexpended)
Office Remodeling	\$ 13,800	\$ 4,403	\$ -	\$ 9,397	\$ 4,000	\$ 6,879	\$ -	\$ 6,518
Stream Improvements	20,000	-	-	20,000	20,000	-	-	40,000
Anaconda Hatchery Replacements:								
20-Year Old Water Pipeline	12,000	10,479	-	1,521	-	6,534	7,246	(12,259)
District Stream Rehabilitation	2,500	2,167	-	333	2,500	-	-	2,833
Hatchery Land Improvements	1,800	-	-	1,800	1,800	-	-	3,600
District Fencing	6,255	-	-	6,255	6,655	-	-	12,910
Pipeline at Arlee	4,500	-	-	4,500	-	-	-	4,500
Hatching & Rearing Incubation Boxes & Revised Water Supply Boxes at Bluewater	-	-	-	-	4,700	-	-	4,700
Fishing Access Land Acquisition	50,000	42,419	7,581	-	50,000	55,154	5,945	(11,099)
Dikes, Anaconda Project	20,000	-	-	20,000	-	-	-	20,000
Water Control Struct., Anaconda Proj.	20,000	-	-	20,000	-	-	-	20,000
Fence Replace. (3 Miles) Game Range	3,900	-	-	3,900	-	-	-	3,900
Fence at Lake Helena	8,000	-	-	8,000	-	-	-	8,000
Fence, Anaconda Project	-	-	-	-	8,000	-	-	8,000
Goose Islands, Anaconda Project	-	-	-	-	5,000	-	-	5,000
Access Roads, Anaconda Project	-	-	-	-	3,000	-	-	3,000
Fence (2 Miles) Game Range	-	-	-	-	2,600	-	-	2,600
Game Management Land Acquisition	150,000	6,133	143,867	-	150,000	-	1,996	148,004
Residence at Judith Game Range	18,000	-	-	18,000	-	-	17,440	-
Residence at Freezout	-	-	-	-	19,000	21,274	-	(2,274)
State Parks Land Acquisitions	-	400	(400)	-	-	2,133	-	(2,133)
Fish and Game Operating Expenses	-	257,516	(257,516)	-	-	-	-	-
Total	\$330,755	\$323,517	\$ (106,468)	\$113,706	\$277,255	\$109,414	\$15,187	\$266,360

FISH AND GAME COMMISSION
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
Fiscal Year Ended June 30, 1967

	<u>Balance</u> <u>July 1, 1966</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 1967</u>
Land	\$2,240,415	\$175,386	\$ 69,726	\$2,346,075
Buildings	1,295,653	55,062	10,148	1,340,567
Improvements	1,190,799	135,348	23,870	1,302,277
Equipment and Livestock:				
Machinery and Appliances	475,604	53,207	34,140	494,671
Hand Tools and Petty Equipment	43,117	11,297	5,389	49,025
Furniture and Fixtures	94,127	16,075	1,805	108,397
Library and Reference Books	7,216	1,127	270	8,073
Scientific Apparatus	100,491	21,286	8,304	113,473
Museum Collections	3,667	185	-	3,852
Radio Equipment	66,958	6,750	1,238	72,470
Motor Vehicles	561,514	420,056	347,854	633,716
Airplanes	41,690	-	-	41,690
Helicopters	49,261	-	-	49,261
Oversnow Vehicles	1,734	-	-	1,734
Boats and Rafts	25,208	48,139	2,195	71,152
Horses	5,498	565	375	5,688
Gross Total	6,202,952	944,483	505,314	6,642,121
Allowance for Depreciation	<u>1,574,411</u>	<u>232,737</u>	<u>-</u>	<u>1,807,148</u>
Net Total	<u>\$4,628,541</u>	<u>\$711,746</u>	<u>\$505,314</u>	<u>\$4,834,973</u>

